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INFO RUEHZH/HAITI COLLECTIVE  
RUCPDO/DEPT OF COMMERCE WASHDC  
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STATE FOR WHA/CAR  
EB/IFD/ODF  
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WHA/EPSC  
INR/IAA/MAC  
S/CRS  
TREASURY FOR JEFFERY LEVINE  
STATE PASS LAC/CAR  
USDOC FOR 4322/ITA/MAN/WH/LAC (SMITH, S.)

E.O. 12958: N/A

TAGS: [EFIN](#) [ECON](#) [PGOV](#) [HA](#)

SUBJECT: HAITIAN FINANCE MINISTER ON TRANSITION AND THE  
STATE OF THE ECONOMY

¶1. (SBU) SUMMARY: In a conversation on the upcoming transition to an elected government, Haitian Finance Minister Henri Bazin told Econ Counselor of his two goals before stepping down: implement a code of ethics for Haitian civil servants and introduce a requirement that public officials release a financial statement detailing their income and assets. He said that he would make no major decisions after February 7 except those necessary under the country's IMF agreement. Econ Counselor cautioned the Finance Minister about irresponsible spending during the last days of the interim government; Bazin conceded that this was going to be a problem. On the macro front, he said that both revenue and spending had picked up and he estimated the financing gap at around USD 23-24 million. Bazin asked for help from the USG on the covering the financing gap, funding for elections and on passage of preferential trade legislation. END SUMMARY.

#### The Transition

¶2. (SBU) Economic Counselor met with Haitian Minister of Finance Henri Bazin January 13 to discuss the transition to an elected government and the state of the economy. Bazin noted that his office is working with a Canadian official, on loan to the Prime Minister's office, to document reforms made during Bazin's tenure for the incoming administration, especially regarding the budget process. Bazin said that he had two goals left to achieve before he stepped down. First, he wanted to implement, by decree, a code of ethics for Haitian civil servants. Second, he wanted to introduce a requirement, also by decree, that nationally elected public officials release a financial statement detailing their income and financial assets.

¶3. (SBU) Bazin added that his government planned not to issue decrees after February 7, nor would he make major decisions after this date, with the possible exception of financial decisions necessary under the country's Emergency Post Conflict Agreement (EPCA II) with the IMF. (NOTE: February 7 was the date that the Interim Government of Haiti was supposed to have turned over power to an elected government. Due to election delays, the transition has been postponed until March 29, although the first round of elections will take place February 7. END NOTE.)

Irresponsible Spending Could be a Problem

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14. (SBU) Econ Counselor cautioned the Finance Minister about irresponsible spending during the last days of the interim government. Bazin agreed that this was going to be a problem, commenting that every minister wants to leave his/her mark before departing government. Each one hoped to be positively associated with some large spending project as the government left office. Bazin said he warned his fellow Ministers at the most recent Cabinet meeting not to do this.

#### Update on Macro Situation

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15. (SBU) Looking at the macroeconomic situation, Bazin said that revenue receipts were on target or slightly above target. Spending had picked up too, mostly related to purchases for security and support for elections. Reserves were holding steady at around USD 70 million. In a follow-up conversation with Econ Counselor January 16, Bazin said that his staff was in the process of estimating the financing gap for FY 2006, but that it was likely to be around USD 23-24 million.

#### Help on Finances and Preferential Trade Legislation

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16. (SBU) Bazin asked for help on two fronts. The first was for donor assistance to the UNDP for funding elections and also donor support to cover the anticipated financing gap for the second half of FY 2006. The second was on passage of preferential trade legislation (HERO or HOPE) for Haitian textile products. Bazin said that he understood that it was important to have good, clean elections in order for preferential trade legislation to pass, but that once elections were over he hoped that the U.S. administration would demonstrate its support of the democratic process in Haiti by supporting such legislation. He noted that

preferential trade legislation would immediately provide jobs and give the Haitian economy a much-needed boost.

TCARNEY